



PRESS RELEASE 15/07/2019

The delay in implementation of the Gazette Notification by the Minister of Finance on increasing excise taxes of cigarettes

According to Gazette Notification no. 2113/9 found in the website of the Ministry of Finance Treasury, which was signed by the Minister of Finance on the 10th of July 2019, the excise taxes for 1000 cigarettes of 67mm to 72mm length have been increased to Rs. 37,000. The previous excise tax amount placed on cigarettes of this length was Rs. 20,500. As per the above notified increase, excise taxes for Bristol and Navy Cut cigarettes which belong to the above mentioned length should increase by at least Rs. 15. In relation to the excise tax increase, value added taxes must also be increased. Generally, when excise taxes are increased, the tobacco company adds an amount to the price and decides the market price of the cigarettes.

As per the above Gazette Notification the mentioned excise tax increases was to be implemented from the 11th of July 2019, but according to our findings from price inquiries in the market, prices of the Bristol and Navy Cut brand cigarettes belonging to the mentioned length has not been increased even by the 14th of July 2019.

Experts in the field have been consistently demonstrating the need for a tax increase for cigarettes of this length, however it has not been implemented for a very long time. Therefore, this decision by the Ministry of Finance to increase taxes for cigarettes of 67mm to 72mm length is a rational and scientific decision. Hence, all parties who took this initiative including the Minister of Finance and officials of the Ministry of Finance must be commended for this policy decision.

However, as this Gazette Notification, signed by the Minister of Finance on the 10th of July 2019, to be implemented from the 11th of July 2019, has not been formally released to the media or the public, it gives rise to suspicions.

As certain policy decisions which are beneficial for the country and the people do not get implemented at times, due to various interferences, the Alcohol and Drug Information Centre strongly suspects whether such an interference is occurring with the above policy decision. Further, the Alcohol and Drug Information demands the immediate implementation of the above mentioned increase of excise taxes which is beneficial for the country and the people.

Pubudu Sumanasekara
Executive Director

Government Notifications

Excise (Special Provisions) Act, No.13 of 1989

Order under Section 3

BY virtue of the powers vested in me by Section 3 of the Excise (Special Provisions) Act, No. 13 of 1989, as amended, I, Mangala Samaraweera, Minister of Finance, do by this Order declare that, the rate of Excise duty specified in the Column IV applicable on corresponding articles specified in Column I, II and III of the Schedule hereto, shall replace the rate specified in Column IV on the corresponding articles of the Schedule I of the *Extraoridinay Gazette* Notification No. 2113/9 dated March 05, 2019 issued under the Section 3 of this Act with effect from July ...!!..., 2019



MANGALA SAMARAWEERA,
Minister of Finance.

Ministry of Finance,
Colombo 01,
July ...¹⁰..., 2019.

Schedule

<i>HS Hdg. I</i>	<i>HS Code II</i>	<i>Description III</i>	<i>Excise Duty IV</i>
24.02		Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.	
	2402.20.40	Cigarettes, each exceeding 67 mm but not exceeding 72 mm in length	Rs. 37,600/- per 1000 cigarettes